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Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 ARA-11 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01

OMB-01 EA-11 NEA-10 OPIC-12 SIL-01 RSR-01 /224 W
---------- 036955
R 082013 Z JUN 73
FM USMISSION OECD PARIS
TO SECSTATE WASHDC 9871
INFO AMEMBASSY LONDON
USMISSION GENEVA

C O N F I D E N T I A L OECD PARIS 16012

E. O. 11652: XGDS
TAGS: ETRD, GATT, US, UK
SUBJECT: DOLLAR AREA QUOTAS (DAQ' S)

REF: LONDON 6605

1. US DELEGATION HEADED BY AMBASSADOR MALMGREN AND INCLUDING JULES KATZ (STATE), L. A. FOX (COMMERCE), R. J. GOODMAN (AGRICULTURE), AND B. H. BAAS (EMBASSY LONDON) MET WITH UK DELEGATION JUNE 8 AT US MISSION OECD PARIS. BRITISH DEL WAS HEADED BY MARTIN LAM OF DEPARTMENT OF TRADE AND INDUSTRY AND INCLUDED R. ALLOTT (DTI), M. J. E. FRETWELL (FCO) AND MISS R. E. FALVEY (MINISTRY OF AGRI-CULTURE).

2. LAM OPENED WITH STATEMENT THAT BRITISH HAVE NEVER CONTESTED ILLEGALITY OF DAQ' S. FURTHERMORE, HE NOTED, THEY ARE OF NO BENEFIT TO UK AND HAVE BEEN MAINTAINED SOLELY TO PROTECT CARIBBEAN. HMG HAS TAKEN USG COMPLAINT SERIOUSLY, AND THEY HAVE LOOKED FOR COMPROMISE. LAM
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REPORTED THAT CARIBBEANS DURING RECENT CONSULTATIONS
HAD RESISTED ANY CONCESSIONS WHATSOEVER ON DAQ' S, AND
THEIR ATTITUDE WAS THAT WE SHOULD LEAVE WELL ENOUGH ALONE.
BRITISH DISCUSSED IN GENERAL WITH CARIBBEANS
WHAT CONCESSIONS MIGHT BE MADE TO MEET US DEMANDS, BUT
BRITISH DID NOT TELL CARIBBEANS PRECISELY WHAT THEY
PROPOSED TO OFFER US. BRITISH ARE TO MEET WITH THE
CARIBBEANS AGAIN ON JUNE 14 AND WISH AT THAT TIME TO
INFORM THEM OF FIRM AGREEMENT THEY HAVE MADE WITH US.
THEREFORE, FOLLOWING SHOULD BE KEPT VERY CLOSE IN INTERIM.

3. LAM STATED THAT UK ACCEPTS IN PRINCIPLE THAT DAQ' S
SHOULD BE ELIMINATED. SPECIFICALLY WE THEN WORKED OUT
FOLLOWING:

(A) CIGARS - QUOTAS WOULD BE DOUBLED IN EACH OF
NEXT TWO QUOTA PERIODS AND WOULD BE ELIMINATED ENTIRELY
IN 1975. IN RESPONSE TO OUR REQUEST FOR CLARIFICATION
THIS POINT, LAM SAID THAT HE WOULD HAVE TO GO BACK TO
LONDON TO CLARIFY DETAILS.

(B) FRESH GRAPEFRUIT - THIS QUOTA WOULD BE ELIMINATED
IN 1975. NO CHANGE IN QUOTA IS PROPOSED BY HMG IN INTERIM.

(C) CANNED AND FROZEN GRAPEFRUIT SEGMENTS - QUOTAS
TO BE ELIMINATED BY 1975. NO CHANGE IN INTERIM.

(D) ORANGE AND GRAPEFRUIT JUICE - QUOTA WOULD
TERMINATE IN 195. NO CHANGE IN INTERIM.

(E) RUM - QUOTA WOULD REMAIN UNCHANGED UNTIL 1975.
IT WOULD THEN BE PHASED OUT OVER A TWO YEAR PERIOD.

(F) BANANAS - QUOTA TO REMAIN AS IT IS.

SUMMARIZING, DAQ' S ON RUM WOULD BE ELIMINATED BY 1977
WHILE ALL OTHER DAQ' S WOULD BE ELIMINATED BY 1975. ALL
WOULD REMAIN UNCHANGED IN INTERIM WITH EXCEPTION OF CIGARS
WHICH WOULD BEGIN TO BE PHASED OUT NOW. EXACT DATES IN
1975 AND 1977 TO BE CLARIFIED IN RELATION TO ADMINISTRATION
OF QUOTA YEARS.
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RM AMBASSADOR MALMGREN NOTED THAT THIS CAME A LONG WAY
IN MEETING US REQUIREMENTS. HOWEVER, WE WOULD LIKE
SPEEDIER PHASING OUT OF DAQ' S ON FRESH GRAPEFRUIT. THIS
IS MATTER OF MAJOR CONCERN TO US. LAM AND HIS COLLEAGUES
STATED THIS IS BEST THEY COULD DO AND STILL KEEP THEIR
MINISTERS AND THE CARIBBEANS ON BOARD. LAM REITERATED

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THAT CONSULTATIONS WITH CARIBBEANS HAD BEEN DIFFICULT AND THAT DECISION TO MAKE PROPOSALS ALONG THESE LINES HAD BEEN TAKEN BY THREE MINISTERS IN HMG.

5. TAKING ACCOUNT OF THE FACT THIS PACKAGE FULLY CONSISTENT WITH U. S. POSITION PAPER, THE U. S. DELEGATION THEN AGREED TO INDICATE TO THE BRITISH THAT WE ACCEPT THE ABOVE PACKAGE IN PRINCIPLE AND ON CONDITION THAT EITHER (A) THEY WORK OUT BEFORE THE JUNE 14 MEETING WITH CARIBBEANS SOME DEGREE OF PHASING OF GRAPEFRUIT QUOTA BEFORE 1975 OR (B) WE RESERVE THE RIGHT TO COME BACK TO BRITISH AND AGAIN DISCUSS SIZE OF GRAPEFRUIT QUOTA PRIOR TO BEGINNING OF NEXT SEASON IN U. S. BRITISH ACCEPTED THIS PROVISO, AND IT WAS AGREED THAT BRITISH WOULD FORMALIZE PROPOSAL IN NOTE TO BE DELIVERED IN WASHINGTON. IT WAS AGREED THAT, AFTER EXCHANGE OF NOTES, WE WOULD INFORM GATT PANEL THAT US AND UK REACHED AMICABLE AGREEMENT AND THAT PANEL COULD BE DISSOLVED. WE ALSO AGREED TO AVOID PUBLIC COMMENT ON CONDITIONS MENTIONED ABOVE. IN EVENT BRITISH DO NOT COME UP WITH BETTER OFFER ON GRAPEFRUIT BEFORE JUNE 14 AND IF WE RAISE MATTER AGAIN LATER IN YEAR, BOTH PARTIES AGREE IN RESUMING DISCUSSIONS TO TAKE ANOTHER LOOK AT ECONOMICS OF MARKET ITUATION, PARTICULARLY AS IT AFFECT CARIBBEAN, INCLUDING SEASONALITY QUESTIONS.

6. IT WAS ALSO AGREED THAT WE WOULD SAY NOTHING ABOUT THIS PACKAGE UNTIL BRITISH HAVE NOTIFIED CARIBBEAN REPS IN LONDON NEXT THURSDAY. MINUTES OF MEETING WILL BE SUBMITTED BY AIR POUCH.
BROWN

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